



Feds probe W.R. Grace

Grand jury looking into environmental violations at Libby

Staff and wire reports

W.R. Grace & Co. and several of its senior-level employees are the targets of a federal grand jury investigation relating to possible violations of environmental laws in Montana, the company

announced Friday.

The Columbia, Md.-based company also said it has been named as a target of a grand jury in Montana involving possible obstruction of federal agency proceedings and conspiring with others to violate federal environmental laws.

"Grace believes that the

investigation is related to its former vermiculite mining and processing activities in Libby," the company said in a statement, declining any further comment.

The investigations come five years after the Daily Inter Lake and the Seattle Post-Intelligencer broke the story

that linked widespread asbestos disease and deaths to the W.R. Grace vermiculite mine outside of Libby.

The U.S. Environmental Protection Agency arrived in Libby in November 1999, shortly after the story made

See GRACE on Page A3

Federal grand jury investigates W.R. Grace actions in Libby

GRACE/From A1

national news.

"Grace has not been advised of any details about the possible violations of law and is unable to assess at this point whether the results of this investigation will be material to Grace," the company's statement said.

Gayla Benefield of Libby, an advocate for asbestos victims who helped expose the problem, said if the investigations follow through to criminal charges, it will bring closure to many Libby residents.

"This will help," she said, "but the tragedy is everything had to go this far. Had the company been responsible and a good partner, this wouldn't have had to happen."

Benefield also said the latest action reinforces what she and other advocates "have been trying to tell people" since Grace's actions were exposed.

Vermiculite, which was used to make insulation, is a naturally occurring mineral that expands into accordion-shaped pieces when heated and is lightweight and fire-resistant.

Grace bought the mining operation — which once supplied more than 80 percent of the world's vermiculite — in 1963 and shut it down in 1990. The federal government has said ore from the site is contaminated with asbestos fibers, which were spread through the town as it was mined and processed.

Several current and former senior-level employees associated with the company's construction products business also have been named as targets of the investigation, the company's statement said.

Libby Mayor Tony Berget said there have been rumors about the federal government taking action for some time. He said residents are "semi-divided" on the matter, with some expressing the view that criminal action is warranted and others who believe Grace should not be treated that harshly because the asbestos occurred naturally in the vermiculite.

"It kind of depends on who you're talking to," Berget said.

In April, the company appealed a federal judge's ruling

that it must pay the EPA the full \$54.5 million for asbestos cleanup in Libby, along with any future costs. Grace filed for bankruptcy in 2001.

The EPA filed a lawsuit against Grace in March 2001 to recover cleanup costs in the area, which the EPA has declared a Superfund site. EPA is working to remove asbestos from soil and buildings at the mine site and in town.

Berget said cleanup efforts have been going fairly well in the town, which suffered an economic setback from the contamination.

"It seems like we're coming out of that," Berget said. "Things are moving forward."

EPA conducted the cleanup of vermiculite processing sites within the first couple of years after it established a presence in Libby.

Cleanup of residential properties has been ongoing since 2002. So far this year, 142 houses have been cleaned by specialized restoration contractors hired by the U.S. Department of Transportation Volpe Center, which works on behalf of the EPA.

The current Libby cleanup contract has a \$37 million capacity, and site manager Courtney Zamora expects cleanup to continue another four to six years, depending on the availability of funding.

Company attorneys argued that U.S. District Judge Donald Molloy erred when he ordered Grace to pay the EPA \$54.5 million to cover the agency's Libby costs through the end of 2001. They also argued Molloy was in error when he found the company liable for future EPA expenses.

Before Molloy's ruling, W.R. Grace and a subsidiary had agreed to pay nearly \$33 million for work done from November 1999 through December 2001, but Grace disputed another \$21.5 million in costs.

Grace is a leading global supplier of catalysts and silica products, specialty construction chemicals, building materials, and sealants and coatings.

Features editor Lynnette Hintze may be reached at 758-4421 or by e-mail at lhintze@dai-lyinterlake.com